



CITY OF DURHAM | NORTH CAROLINA

Date: October 26, 2011

To: Thomas J. Bonfield, City Manager
From: Theodore L. Voorhees, Deputy City Manager
Subject: Interlocal Agreement between Orange County and the City of Durham for Construction and Operation of Water and Sewer Facilities in the Eno Economic Development Area of Orange County

Executive Summary

The purpose of this agenda item is to adopt an Interlocal Agreement to allow Orange County to finance and the City of Durham to construct and operate a Water and Sewer Facility in the Eno Economic Development District (ENO EDD) of Orange County.

Recommendation

The Administration recommends that the City Council authorize the City Manager to execute an Interlocal Agreement with Orange County to construct and operate a Water and Sewer Facility in the Eno Economic Development District of Orange County.

Background

At the request of the Orange County Board of Commissioners, the City of Durham and Orange County staffs have been working on an agreement for water and sewer utility extension into the Eno Economic Development District area and adjacent urban transition land areas. This approximately 900 acre district is adjacent to the City of Durham near the intersection of I-85 and US Highway 70 in Orange County's eastern economic development area.

Issues/Analysis

The Eno EDD is within the City of Durham's Urban Growth Area (UGA) where the City has a minor presence of water and sewer facilities. A water main interconnects with the Town of Hillsborough along Highway 70. The L&B Mobile Home Park transmits sewage from a private sewage pump station via a force main back to Durham's gravity system in Durham County.

This general area can be serviced by the City of Durham since this area flows to the north and east. An interlocal water and sewer service agreement can promote an orderly extension to future economic development opportunities in the area that was noted by the Eno EDD small area plan adopted by Orange County in 2008. There are still some unimplemented recommendations of the Orange County Small Area Plan (SAP) that will be coming forward for implementation by Orange County. Much of the SAP work with the neighborhoods, property owners and the City of Durham coordinated zoning uses with the City of Durham zoning codes.

This area is a subset of the Orange County Water and Sewer Management Plan and Boundary Agreement (WASMPABA), which permits public utility extension in the area under the responsibility of Orange County. There are some parcels that Orange County desires to be included within the service area, which are adjacent to, but outside of the current UGA boundary. During the utility system design process, these parcels will be evaluated and recommendations for minor adjustments to the UGA boundary will be brought to the City Council for consideration as necessary.

The draft agreement, which has been revised by all parties, sets forth aspects of master planning, design, permitting, funding, construction and eventual customer connection. The interlocal agreement has been adopted by the Orange County Commissioners at their September 20, 2011 regular meeting. All costs to extend the system are the responsibility of Orange County, either directly, or through repayment arrangement at 5% interest.

Alternatives

Alternative A

The recommended alternative is to adopt an interlocal agreement as outlined herein.

Alternative B

The City Council could elect not to proceed. This would be counter to the wishes of Orange County and the recommendations of the administrations.

Financial Impacts

Orange County estimates the project at approximately \$1,150,000.00. This project will be paid for by Orange County under one of these two options: 1) either Orange County will pay all costs directly to the City of Durham as they are incurred or 2) Durham will finance the project through the Water and Sewer fund at 5% interest and Orange County will make annual payments until all costs are settled.

Customers will become regular City of Durham water and sewer customers. They will pay outside rates unless annexed. City annexation is permitted and anticipated in this area as development warrants.

SDBE Summary

The Ordinance to Promote Equal Opportunity in City Contracting does not apply to this item at this time. Contractors hired by the City will be subject to the City's Ordinance to Promote Equal Opportunity in City Contracting.